



OVERVIEW

HB 645 – FEDERAL STIMULUS FUNDS AUTHORIZATION

HB 645 contains the appropriations for the federal “American Recovery and Reinvestment Act (ARRA) of 2009 that are allocated to the State of Montana to be used for the purpose of stimulating economic recovery. It also includes amendments to statute that are needed to implement the provisions of the federal stimulus act. This report provides a summary of the funds made available to Montana through the federal stimulus act, and specifically the funds that are appropriated through HB 647 as approved by the House Appropriations Committee.

The following pages contain tables that summarize the following:

- Fiscal Stabilization Funds
- Sources of Freed-up General Fund
- Allocations of Freed-up General Fund

The body of this report includes an explanation of funds included in HB 645 by section and by agency. It includes a brief description of the funds for each agency as follows:

- Purpose of funds
- Statutory changes, if any
- Conditions and limitations on funds
- Description of each decision package (specific appropriation) in the bill

The program sections of this narrative are as follows:

- General Government
- Health and Human Services
- Natural Resources and Transportation
- Judiciary, Law Enforcement, and Justice
- Education

WHAT IS THE IMPACT TO MONTANA?

The following shows the estimated total impact to Montana of the economic stimulus package. Included in the table is anticipated additional unemployment insurance benefits that do not require an appropriation, as well as the tax impact as estimated by the Montana Department of Revenue. As shown, the impact of funds flowing through state government and estimated tax impacts is over \$1.6 billion. Please note that this does not include any funds that individuals or groups in Montana would receive directly from federal sources.

Figure 1

Federal Stimulus Funds
Total Montana Impact
FY 2009 through FY 2011

Funds	2011 Biennium
<u>House Bill 645</u>	
Total Federal Funds in HB 645	\$1,081,836,026
Minus Medicaid Caseload Spike	(202,467,190)
Total HB 645	\$879,368,836
<u>Other State Stimulus Funds</u>	
Additional Unemployment Insurance	207,129,149
Total Federal Funds from Stimulus in State Budget	\$1,086,497,985
Estimated Tax Relief Provisions for Montanans*	575,713,000
Total State Impact	<u>\$1,662,210,985</u>

*Source: Montana Department of Revenue

FISCAL STABILIZATION FUNDS

Most of the federal funds are allocated for specific purposes. However, over \$148 million is provided as state fiscal stabilization funds. Over 81 percent, or over \$121 million, must be used for various education purposes. The remaining \$27 million can be used for priorities of the legislature's choosing. The following figure shows where these funds are allocated in HB 645.

Figure 2

Fiscal Stabilization Funds
HB 645 through HAC
2011 Biennium

Department/Purpose	<i>Other Government Services Fund</i>		
Department of Commerce			
New Worker Training	3,997,361	3,997,361	7,994,722
Tribal Economic Development	798,496	798,496	1,596,992
Department of Public Health & Human Services			
County Health Grants Asbestos 11B	1,000,000	1,000,000	2,000,000
Long Range Planning			
LRBP HB 5			
LRBP Allocation	7,734,914	7,734,914	15,469,828
Subtotal - Other Government Services	13,530,771	13,530,771	27,061,542
Department/Purpose	<i>Education Fund</i>		
Higher Education			
Distance Learning	1,000,000	1,000,000	2,000,000
Community College Assistance	606,189	671,586	1,277,775
Tuition Mitigation for Resident Students	5,000,000	5,000,000	10,000,000
Stabilization Funding**	44,076,457	45,074,019	89,150,476
Tribal College Assistance	450,000	450,000	900,000
Subtotal - Section E	51,132,646	52,195,605	103,328,251
Long Range Planning			
LRBP HB 5			
MUS Energy Conservation Improvements	6,150,000	6,150,000	12,300,000
UMWestern Main Hall	3,000,000	3,000,000	6,000,000
Subtotal - Section F	9,150,000	9,150,000	18,300,000
Subtotal - Section E & F	60,282,646	61,345,605	121,628,251
Grand Total State Fiscal Stabilization Funds	<u>\$73,813,417</u>	<u>\$74,876,376</u>	<u>\$148,689,793</u>

**Frees up general fund.

SOURCES OF FREED-UP GENERAL FUND

In addition to the direct federal funds, the stimulus bill provides funding that allows the state to replace general fund with federal funds, thereby freeing up the general fund for other uses of the legislature's choice. The following shows the sources of freed-up general fund as a result of the federal stimulus. As shown, the legislature has over \$250 million of additional general fund.

Figure 3

Sources of Freed-Up General Fund
HB 645 as Introduced Through HAC

Source	Total
Appropriated Funds	
DPHHS	
Human and Community Services Division	\$2,043,882
Child Support Enforcement Division	4,306,325
FMAP Increase - Health Resources Division	155,000,000
Higher Education	-
Appropriation Distribution Transfers*	<u>89,150,476</u>
Total General Fund Freed-Up from Appropriations	\$250,500,683
Unallocated Appropriated	
FMAP Increase - Institutional Reimburse.	<u>3,207,224</u>
Total Additional General Fund	<u>\$253,707,907</u>

*Fiscal stabilization funds.

ALLOCATIONS OF GENERAL FUND

Figure 4 shows the allocation of the freed-up general fund in HB 645, as approved by the House Appropriations Committee.

Figure 4

General Fund
HB 645 Comparison

Agency/Purpose	Introduced	Appropriations	Difference
<u>Governor's Office</u>			
Pay Plan Contingency	\$4,000,000	\$4,000,000	\$0
Pay Plan Training	75,000	75,000	0
Pay Plan OTO Payment	3,065,451	3,065,451	0
<u>DofA</u>			
Teacher's Retirement	43,000,000	0	(43,000,000)
High Performance Computing	2,000,000	2,000,000	0
<u>Commerce</u>			
Main Street	250,000	250,000	0
Distressed Wood Products	7,500,000	7,500,000	0
Indian Country Economic Development	0	3,000,000	3,000,000
Energy Promotion Division	910,000	910,000	0
Biomass Energy Study	0	500,000	500,000
County Projects	0	10,000,000	10,000,000
Municipal Projects	0	10,000,000	10,000,000
Montana Agro-Energy Industrial Park	0	400,000	400,000
Broadband Matching Grants	5,000,000	5,000,000	0
Historic Preservation Competitive Grants	0	3,000,000	3,000,000
<u>DPHHS</u>			
Food for Food Banks	0	500,000	500,000
Homeless Prevention/Emergency Food & Shelter - General Fund	0	1,500,000	1,500,000
Provider Rate Increase	0	4,000,000	4,000,000
Health Information Technology	750,000	750,000	0
Medicaid Caseload	60,000,000	60,000,000	0
Sustain System of Care and Kids Management Authorities	0	667,000	667,000
Indian Property Exclusion in Medicaid Determination	0	541,952	541,952
Transitional Medicaid	0	444,452	444,452
Nonmedicaid Community Aging Services	0	3,000,000	3,000,000
Mental Health Crisis Division Pilot Program	0	4,000,000	4,000,000
<u>DEQ</u>			
Enforcement Division Admin	99,354	99,354	0
Permitting and Compliance Div Admin	727,712	727,712	0
Permitting and Compliance Div Admin 09	101,500	101,500	0
<u>DNRC</u>			
Water Project Admin	460,000	460,000	0
Flood Damage Mitigation Assistance Program	0	2,000,000	2,000,000
Blackfeet Water Compact	4,000,000	4,000,000	0
Fort Belknap Water Compact	1,000,000	1,000,000	0
<u>Agriculture</u>			
Invasive Species	667,000	0	(667,000)
<u>Judiciary</u>			
Self-Help Law Program	0	495,000	495,000
<u>Justice</u>			
License Plate Reissue	321,250	0	(321,250)
Meth Watch	500,000	0	(500,000)
<u>Corrections</u>			
License Plate Reissue	2,886,308	0	(2,886,308)
Remove Vacancy Savings for 24-7 Staff/Reduce Overtime	0	2,712,559	2,712,559

General Fund
HB 645 Comparison (Continued)

Agency/Purpose	Introduced	Appropriations	Difference
<u>Office of Superintendent of Public Instruction</u>			
Special Education - Maintenance of Effort - FY 2009	0	2,467,528	2,467,528
Flex Fund	0	10,000,000	10,000,000
<u>Montana Library Commission</u>			
Expansion of Reading Services for the Blind	0	323,000	323,000
<u>Montana University System, Including Office of Commissioner of Higher Education and Educational Units and Agencies</u>			
Community College Assistance	0	1,400,000	1,400,000
Community College Tuition Mitigation	0	1,600,875	1,600,875
Montana University System Tuition Mitigation and Increased Acces to Distance Learning for Resident Stuc	0	8,207,098	8,207,098
PBS Satellite Delivery	0	400,000	400,000
Agricultural Experiment Station and Montana Extension Service Additional Funding	0	600,000	600,000
Virtual High School	0	2,240,000	2,240,000
<u>Long Range Planning HB 5</u>			
LRBP Transfer	1,085,172	3,585,172	2,500,000
LRBP Energy Conservation Improvements	1,500,000	1,500,000	0
FWP - Access Montana	6,000,000	3,000,000	(3,000,000)
Ruby Dam	2,000,000	0	(2,000,000)
Energy Project Administration	1,500,000	1,500,000	0
<u>Long Range Planning HB 10 IT</u>			
ESSC Equipment and Moving	3,500,000	3,500,000	0
Interoperability Montana	2,000,000	1,000,000	(1,000,000)
Child Support Computer	500,000	0	(500,000)
SOS Information Management System	5,500,000	1,500,000	(4,000,000)
Replace HB 10 GF Transfer	6,866,200	3,500,000	(3,366,200)
<u>Long Range Planning HB 11 TSEP</u>			
Regional Water System	8,000,000	8,000,000	0
TSEP Infrastructure	20,500,000	23,000,000	2,500,000
<u>Long Range Planning Other Transfers</u>			
School Facilities HB 152	43,000,000	43,000,000	0
SW Montana Vets Honme HB 213	3,500,000	0	(3,500,000)
<u>Long Range Planning Renewable Resource</u>			
Water Projects	3,500,000	4,148,796	648,796
<u>Long Range Reclamation and Development</u>			
Reclamation Projects	1,000,000	1,794,266	794,266
Grand Total	\$247,264,947	\$262,966,715	(\$15,701,768)